

Algeria	U.S. \$2.00	France	200 Fr.	Germany	1,000 Mark
Argentina	3,000 P.	Italy	200 L.	Japan	1,000 Yen
Australia	11.50 A.	Netherlands	200 G.	Poland	200 Zl.
Brazil	200 R.	Portugal	200 Esc.	Spain	166 Ptas.
Canada	1.50 C.	Romania	200 Lei	Sweden	100 Kr.
China	100 Y.	Soviet Union	200 R.	Switzerland	100 S.
Colombia	2,000 P.	Taiwan	200 N.	U.K.	100 P.
Czech Rep.	200 K.	Thailand	200 B.	U.S.	1.00 D.
Denmark	200 Kr.	USSR	200 R.		
East Germany	200 M.				
Finland	200 M.				
France	200 F.				
Germany	1,000 M.				
Greece	200 D.				
Hong Kong	100 H.				
India	100 Ru.				
Indonesia	1,000 R.				
Italy	200 L.				
Japan	1,000 Yen				
South Korea	100 W.				
North Korea	100 W.				
Malaysia	100 M.				
Mexico	200 P.				
Norway	100 Kr.				
Philippines	100 P.				
Poland	200 Zl.				
Portugal	200 Esc.				
Romania	200 Lei				
Russia	200 R.				
Singapore	100 S.				
South Africa	100 R.				
Spain	166 Ptas.				
Sweden	100 Kr.				
Switzerland	100 S.				
Taiwan	200 N.				
Thailand	200 B.				
USSR	200 R.				
U.K.	100 P.				
U.S.	1.00 D.				
West Germany	1,000 M.				

In Bosnia, Diplomats Say: Peace Is Still Near, So Try Again

By Alan Riding
New York Times Service
GENEVA — Despite the breakdown of the latest peace talks on Bosnia-Herzegovina, the three warring parties were apparently so close to agreement that diplomats here were still hopeful Thursday that Muslims, Serbs and Croats would soon try again to end the Bosnian war.

After Bosnian Serbs rejected a peace plan this spring, the immediate result was a surge in fighting between Serbs and Muslims and between Croats and Muslims, with the Muslims for the first time scoring significant successes against the Croats in central Bosnia.

This time, however, while the danger of intensified warfare exists, all three parties have pledged to respect a shaky cease-fire, and, perhaps most significantly, the Serbian Army appears to have no interest in occupying more than the 70 percent of Bosnian territory already in its hands.

Further, although the Muslims were in the end unable to endorse a peace plan drawn up by international mediators Aug. 20, they as well as the Serbs and Croats insist that the plan is

"still on the table" and that they are ready to return to Geneva for more bargaining.

"I would say that it's not a time to be pessimistic," a senior U.S. official said. "There is no reason to despair at this point. Yes, we're disappointed, but we hope the parties will come back as soon as possible to complete this negotiation."

President Bill Clinton said Thursday the North Atlantic Treaty Organization remained ready to launch air strikes against Serb positions if called upon to do so by the United Nations. "If while talks are in abeyance there is abuse by those who would seek to interfere with humanitarian aid — attacking protected areas, resume the sustained shelling of Sarajevo, for example — then first I would remind you that the NATO military option is very much alive," Mr. Clinton said.

But diplomats here discounted any military intervention in Bosnia while an agreement to end the 17-month war was still within reach. All sides have already agreed to partition

Bosnia-Herzegovina into three autonomous republics with a weak central government that would control only foreign policy and trade. They have also agreed to place Sarajevo and Mostar under international administration for a two-year period.

But, while the Serbs and Croats accepted a map prepared by the European Community negotiator, Lord Owen, and the UN envoy, Thorvald Stoltenberg, delineating the borders of the republics, the Muslims returned to the negotiations here this week with demands for additional territory.

The mediators' map would give the Muslims 30 percent of the territory, compared with the 10 percent they now control; the Serbs, who occupy 70 percent, would retain slightly over 52 percent and would be required to pull back from various fronts. The Croats now have 20 percent and would be left with almost 18 percent.

But Alija Izetbegovic, the president of Bosnia's Muslim-dominated government, argued that the plan "rewarded" Serbian aggression and asked for Bosnia to be awarded more land in eastern and northwestern Bosnia as well as

part of Neum on the Adriatic Sea, which would be Bosnia's only port.

During intense talks with the mediators Wednesday, the Serbian leader Radovan Karadzic offered a two-mile-wide corridor — instead of the Muslim-controlled highway proposed under the peace plan — linking the Srebrenica-Zepa enclave and Gorazde. The Croatian leader Mate Boban in turn said the Muslims could buy land in Neum and build their own port.

Diplomats said that President Slobodan Milosevic of Serbia and President Franjo Tudjman of Croatia had pressured Mr. Karadzic and Mr. Boban, respectively, to be flexible. But when no new offers were forthcoming, Mr. Izetbegovic refused to sign the draft agreement.

The question now is, what can the Muslims do to force the Serbs and Croats to meet their demands? A month ago, Mr. Izetbegovic was hopeful that NATO would launch air strikes on Serbian artillery positions threatening Sarajevo, a move that would presumably have bolstered his bargaining position.

But there were no air strikes, and with the Serbs easing the siege of Sarajevo in recent

weeks there may be no immediate justification for such action. "The Serbs will do nothing to give anyone an excuse for air strikes," one UN official said. "They're going to be very careful."

On Thursday, Mr. Karadzic forgot his earlier threats to crush the Muslims if they failed to accept the draft agreement, pledging instead to respect the cease-fire and calling on other nations "not to miss this opportunity for peace."

Unable to change the military balance on their own, the Muslims can only hope to win concessions through diplomatic pressure.

Diplomats said they now expected both Washington and European Community governments to tell Bosnia's Serbs and Croats and Mr. Milosevic and Mr. Tudjman that they will not accept renewed warfare and that they insist on an early political settlement.

In this, they have two potential weapons: the promise that economic sanctions against Serbia will be lifted as soon as a peace accord is implemented in good faith; and the suggestion that an early agreement could protect senior Serbian and Croatian leaders from prosecution before an international war-crimes tribunal.

PLO Hopeful On Pact With Israelis Over Recognition

Peres, Also Optimistic, Says the Palestinians Must Make First Move

By Roger Cohen
New York Times Service
TUNIS — Senior Palestinian Liberation Organization officials said Thursday that they were within imminent reach of a mutual recognition agreement with Israel, an agreement on which the future of their embattled leader, Yasser Arafat, now appears to hinge.

The first move, however, is up to the PLO, according to Foreign Minister Shimon Peres. Mr. Peres, speaking in Brussels, said Israel was seeking mutual recognition "as early as possible" and had specified the wording of a recognition.

He said he believed the PLO was waiting to recognize Israel at the same time as it signed a declaration of principles on self-rule to the Gaza Strip and Jericho, which the Israeli cabinet approved earlier this week.

"It could take another two days, it could take another two weeks," he said.

Israel is also ready to adopt a draft peace pact with Jordan, Mr. Peres said, adding that

"it is up to the Jordanians to take out their pen and sign the agreement."

Bassam Abu Sharif, a close aide to Mr. Arafat, said in a brief telephone interview in Tunis that "things are moving ahead quickly toward a recognition accord with Israel, which we expect within days."

He made it clear that he expected U.S. recognition of the PLO to follow soon afterward.

Mr. Arafat traveled Thursday to Morocco to confer with King Hassan II, but he was expected to return to Tunis later in the day and call a meeting of the Central Committee of his El Fatah faction of the PLO, the largest and most moderate single group within the organization. Bolstered by probable backing from El Fatah, Mr. Arafat would then seek approval from the Executive Committee of the PLO, informed officials said.

Although there is much opposition to the plan within the PLO — and one executive committee member, the Palestinian poet Mahmoud Darwish, quit last week — in protest — Western officials in Tunis believe Mr. Arafat retains enough authority to secure at least the tacit support of his organization.

But they said they believed it was now essential for Mr. Arafat to move ahead quickly on mutual recognition and on signing the agreement in principle for Palestinian self-rule.

"Having taken this risk on peace because he saw that his support within the Palestinian movement was fast eroding, Arafat must now produce the goods," said a senior Western diplomat. "There are no reserves of patience if the current momentum disappears."

It will not be easy for Mr. Arafat to assert his authority in the Gaza Strip, where the Tunis leadership of the PLO has long seemed distant

Mafia Finds Land of Plenty In the New Eastern Europe

By Alan Cowell
New York Times Service
ROME — Since Europe's ideological division ended, Italian investigators say, the mobsters of the Mafia appear to have gone east to seek new pickings. And the investigators say their prospects seem pretty good.

For one thing, there is Western money flowing, along with an unleashed ardor for getting rich quick, whether from free enterprise or narcotics or prostitution.

There are porous borders from the Caucasus to the Urals, convenient for drug smuggling. And, since the stirrings of democracy have overtaken such secret-police tradecraft as thumbprints and dank dungeons, it is thought there is not too much chance of getting caught by law agencies untutored to the ways of plain old-fashioned crime.

"The presence of Italians pursuing ill-defined businesses" in Bulgaria, Romania, Hungary, Czechoslovakia and Russia "has certainly alarmed the intelligence and law-enforcement agencies of our country," said Luigi Rossi, a senior police investigator.

In particular, he said, "the current events in Yugoslavia, which aren't exactly peaceful, and in other countries of the East enable organized crime to recycle illicitly earned funds without too many risks."

With the Italian authorities recording unusual successes against the mob in Italy, the spreading tentacles of "the octopus" — as the Mafia is often called here — might have seemed a sign of weakness, since much of the traditional strength of organized crime lies in its ability to operate with impunity on its home turf.

Yet, after a season of bombs in Florence, Milan and Rome, Italian investigators are voic-

ing worries that activities of the Mafia to Eastern Europe, sometimes in partnership and sometimes in competition with local crime syndicates, present a new challenge.

One magistrate in Florence, Piero Luigi Vigna, has even voiced fears that the mob may be trying to go nuclear.

"There is a very real possibility," he told a recent conference, "that the Mafia and organized crime in general could come into possession of chemical, nuclear and biological weapons."

Since late last year, investigators have grown increasingly concerned that the end of the Cold War has given the Mafia access to new weapons to bolster its traditional trade in gunrunning.

In November 1992 near Rimini, police officers unearthed a cache of weapons from Eastern Europe that included anti-tank rocket launchers and were said to be destined for the Mafia.

In January, scores of surface-to-surface missiles were found aboard a freighter in the southern Italian port of Taranto, bound for the former Yugoslavia. In February in Trieste, another freighter was impounded after it was found to be carrying explosives and other weapons from the former Yugoslavia.

A smaller cache, including the potent Czech-made explosive Semtex, was unearthed in Sicily, the mob's heartland, in April.

Over the last year, according to Interior Minister Nicola Mancino, Italian authorities have discovered 400 undefined "weapons of war," 238 bombs and missiles and 1.3 tons of explosives.

"After 1991, we could get everything we wanted, particularly explosives," one informer, Salvatore Amaccondia, was said to have told



Yasser Arafat leaving Tunis for Rabat, Morocco, where he held discussions with King Hassan II on the self-rule pact with Israel.

Key Figure in Loans To Iraq Pleads Guilty

WASHINGTON (Reuters) — Christopher Drogoul, a key figure in the case of illegal loans to Iraq made by the Atlanta branch of Italy's Banca Nazionale del Lavoro, pleaded guilty Thursday to two charges of making false statements to the Federal Reserve Board and to one count of wire fraud.

Books	Page 9.
Bridge	Page 9.
Dow Jones	Down 19.00
Trib Index	Down 0.17%
The Dollar	Down 3.828.10
100 Yen	1.645
DM	1.658
Potard	1.5025
Yen	105.885
FF	5.7885

Vatican Sends Envoy to China

ROME — Hoping for a thaw in its chilly ties with China, the Vatican sent a senior diplomat, Cardinal Roger Etchegaray, to a sporting event Thursday that begins this weekend in Beijing. He is the highest ranking Roman Catholic Church official to visit China since the Communists took over in 1949.

The invitation came from the organizers of China's National Athletic Games, the Vatican said. It added, however, that Cardinal Etchegaray, 70, a French prelate and senior member of the Vatican's Congregation for the Oriental Churches, would also meet in Beijing with "government personalities."

The visit evoked for many here China's invitation to an American table tennis team that accompanied the thaw in Chinese-American relations leading to President Richard Nixon's visit in 1972.

It comes amid signs that both Beijing and Catholic church leaders are seeking to renew a relationship that has essentially been frozen since the Communist leadership founded the state-controlled Chinese Patriotic Catholic Association in the 1950s, and ordered Chinese citizens faithful to Catholicism to renounce papal and Vatican authority.

Embattled Thai Commuters Win Round

By Michael Richardson
International Herald Tribune
In Bangkok, a city of legendary traffic jams, Thai transit authorities used a court order Thursday to force the opening of a new expressway that had been closed for five months by a dispute over the collection of tolls.

To win the court decree, officials cited the risk of an uprising by furious motorists.

The action followed an unusual personal appeal by Queen Sirikit, who asked to a birthday message last month for something to end the gridlock. She said it was putting her subjects in a bad mood and threatening the capital's reputation as the "City of Angels."

"Bangkok is becoming desperate," the queen warned.

Then, on top of the normal traffic congestion, flooding from heavy rains brought the city of 8 million to a virtual standstill, prompting angry public denunciations of the government's apparent inability to ease the situation.

"Everyone's tempers are short," said Kenneth L. White, managing director of Pacific Siam Strategic Consultancy in Bangkok. He said that traffic congestion was "becoming more and more of a frustration to daily life, and any attempt to alleviate that is something compelling for a democratically elected government."

Hundreds of thousands of residents of the city's outer suburbs, faced with two-way commutes totaling six hours and more, have not made it home before midnight.

Many children have to get up by 4 A.M. to make their first class at 7:30 A.M., a schedule

adopted by public schools in Bangkok just two months ago in the vain hope that it might help to spread out the traffic.

In further evidence of commuter impatience, hundreds of drivers barged onto the disputed expressway Thursday before the official opening ceremony ended.

The 21-kilometer (13-mile) section of elevated expressway was built at a cost of \$800 million by a Japanese-led consortium. On Tuesday, the Expressway and Rapid Transit Authority won a surprise court order requiring the consortium to open the road or turn it over to the government.

The transit authority's decision showed how the mounting commuter frustrations had been

EC Vows Funds For PLO, More Trade for Israel

By Tom Buerkle
International Herald Tribune
BRUSSELS — The European Community threw its support behind the new Middle East peace plan on Thursday, pledging aid to help the Palestinians achieve self-rule and deeper trade ties with Israel.

Jacques Delors, the president of the EC Commission, said the Community had a big role to play because of its own experience in building a durable European peace after World War II through closer trade links.

After a meeting here with Israel's foreign minister, Shimon Peres, Mr. Delors said he had not offered any specific amount of aid but would urge EC foreign ministers to give a "full commitment" to support the peace plan at a meeting later this month.

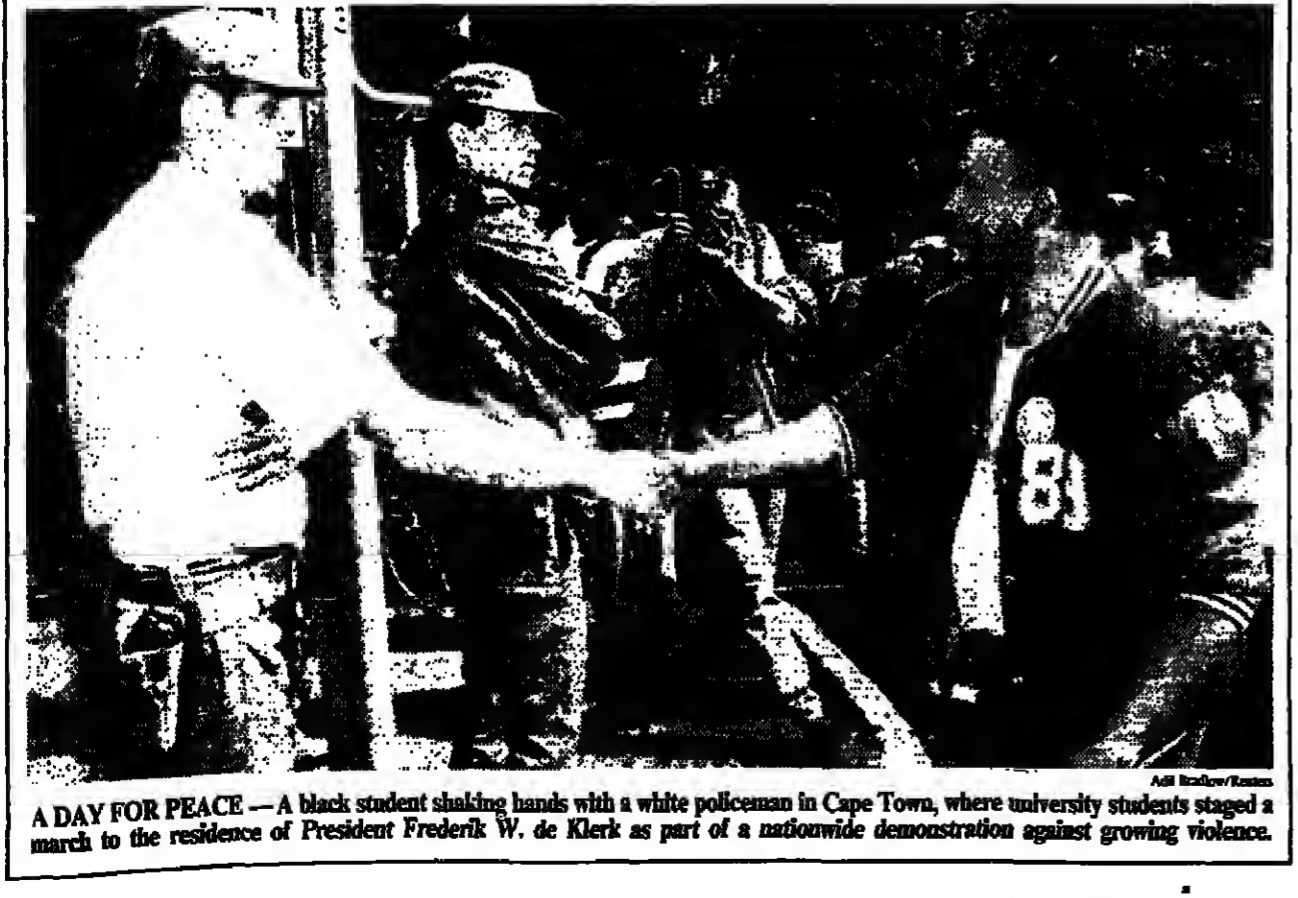
Although no figures were mentioned, Mr. Peres said he had received a "very positive reaction" to his request for aid to the occupied territories and closer trade ties between Israel and Europe. "The construction of the new Middle East should be a joint venture between the United States and the European Community," he said.

The European Community has been the biggest Western donor to the Palestinians, providing aid of about 270 million European currency units (\$235 million) over the past five years, officials said. Hans van den Broek, the EC commissioner for foreign affairs, said he would draw up a proposal next week to "intensify and accelerate" existing aid programs.

The Community has been pressed by its own members to step up aid to the Palestinians. On Wednesday, the French government urged its EC partners to come forward with support and Denmark joined with its Scandinavian neighbors to pledge \$250 million over five years.

The Community's immediate priority will be to provide money and technical assistance to help turn the PLO from a liberation movement to an effective provider of government services in the Gaza Strip and Jericho, Mr. Delors said. This will require management training, as well as aid for education and health care, he said.

The United States has proposed an early empowerment fund to get a Palestinian governing body up and running. Mr. Delors said



A DAY FOR PEACE — A black student shaking hands with a white policeman in Cape Town, where university students staged a march to the residence of President Frederik W. de Klerk as part of a nationwide demonstration against growing violence.

سكوا من الاصل

See TALKS, Page 5

See BANGKOK, Page 4

See EC, Page 5

BANGKOK: Expressway Open

Continued from Page 1 come a major political issue for the government of Prime Minister Chuan Leekpai.



PRO-AID RALLY — Somali women in Mogadishu chanting Thursday at a rally in support of General Mohammed Farrah Aaid. U.S. forces have been searching for the warlord, whom the UN holds responsible for the deaths of UN troops.

MAFIA: Coveting Land of Plenty

Continued from Page 1 investigators this year. "We could have gotten much further if we'd wanted them."

China Seeks 'Dialogue' On Trade Sanctions

BEIJING — China hinted Thursday that it would be willing to negotiate the possible lifting of an estimated \$1 billion in trade sanctions imposed by the United States over alleged arms-control violations.

Beijing Says Inspection Clears Its Cargo Ship Bound for Iran

WASHINGTON — A Chinese cargo ship that had been inspected by U.S. warships and aircraft, says the Yinhai is carrying no chemical weapons.

In Japan, A Lobby Reconsiders

TOKYO — Japan's most powerful business lobby announced Thursday that it is reconsidering its stance on political parties — gifts amounting to about 14 billion yen, or \$133 million, a year.

ASIAN TOPICS

Finding Your Way In Little Old Tokyo Ultramodern Tokyo has an antiquated and chaotic street numbering system that, some residents joke, is utterly illogical.

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MIDEAST TALKS / DREAMS OF A NEW ERA

For Israelis, Security Remains Key Factor for Durable Peace

By Clyde Haberman
New York Times Service

JERUSALEM — Few words are more important in the average Israeli's vocabulary than "security," and so for many people here the ultimate test of the self-rule agreement tentatively reached with the Palestinians will be whether the occupied territories stay quiet or turn into Dodge City.

Alarm bells sounded in some quarters this week when top army commanders, saying they had not been consulted in advance on the draft accord, cautioned that it would be more difficult to combat Palestinian violence.

An ambush shooting that killed an Israeli soldier on motor patrol Thursday near the West Bank city of Hebron served to underline the point that deals signed by diplomats, no matter what hopes for peace they may whisper, are not suddenly going to stop all the bullets.

No group took responsibility for the attack, in which Sergeant Zion Alkobi died and another soldier was wounded when their vehicle overturned.

thing that Mr. Rabin, himself a former chief of staff, did not already intuit. But he weighed the risks against the possible advantages, they say, and in the end concluded that Israel could take care of itself.

"The IDF will always be there," he said the other day, using the initials for the army's formal name, the Israel Defense Forces.

Despite the prime minister's assurances, questions remain about what the agreement with the Palestinians will mean for the future safety of Israelis in the territories, both settlers and others, such as the many people who drive through Jericho as they travel the main north-south road in the Jordan Valley.

The accord says that Israeli forces will be withdrawn from populated areas and will remain responsible for "overall security of Israelis" and for "defending against external threats." To protect Palestinians' security, "a strong police force" will be created. But it is not clear exactly what

the Palestinians force will look like, or how far the Israeli Army will pull back, or what kind of coordination, if any, there will be between the police and army units that may still be posted at the peripheries of cities, towns and refugee camps.

Moreover, nothing is said explicitly about the army controlling major roads, including those used routinely by the roughly 130,000 Jewish settlers in the territories.

"It's obvious that it's not possible to put a soldier at every point," General Shahak reportedly told lawmakers. "I don't know how we assure safety to those traveling around if the IDF is not on the roads."

Then there are questions about what happens if, say, a Palestinian stabs an Israeli to death in south Tel Aviv and then flees to a refugee camp in Gaza. May the Israelis chase him there, or is it off-limits to them? If they may give chase and then catch him, whose responsibility is he: the military's or the local Palestinian police force?



Prime Minister Yitzhak Rabin, left, greeting supporters of his Middle East plan in Tel Aviv on Thursday.

Arab Talks Requested By Jordan

Reuters

AMMAN, Jordan — King Hussein has called for an Arab summit meeting to discuss a PLO-Israeli deal on Palestinian self-rule in the occupied territories, saying Jordan opposes any accord made behind its back.

But the king, one of the key players in the U.S.-brokered Middle East peace process, said that he would not stand in the way of the deal even though it remained unclear whether it would achieve Palestinian objectives.

"The Arab nation is going through a dangerous phase and the Arab future is threatened," the king said in a television interview broadcast Thursday.

"This requires an Arab meeting," he said.

And he told the Lebanese publisher and journalist Ghassan Twini in a separate interview, "We in Jordan do not accept the imposition of any agreement imposed on us that we are not a party to."

In uncharacteristically blunt extracts released by the official Jordan News Agency late on Wednesday, the monarch criticized the Palestinians, who have attacked the peace talks under Jordan's wing for failing to consult Amman on the deal with Israel.

But he said in the full interview that he would not block the agreement.

In Gaza Strip, a Faint Hope of Some Kind of Peace Soon

By Joel Greenberg
New York Times Service

JABALIYA, Israeli-occupied Gaza Strip — Nearly every day since the start of the Palestinian uprising six years ago, Ali Aileh has watched from behind the counter of his drugstore as youths from this bleak refugee district fought street battles with Israeli troops outside.

This week he allowed himself a tentative hope that the grim ritual might finally end and that the Israeli Army base down the road and its imposing guard tower would soon be dismantled.

a much better view," Mr. Aileh said, gazing out of his store. "We should have our own parcel of land to live on. I hope it will be a new era and a better life."

There are many Palestinians here like him who are suddenly allowing themselves to think that things might get better — a thought that for so long has had no ground in which to grow. But the daily realities also intrude, and some say they fear fighting, even civil war, between supporters and opponents of the self-rule plan.

A hint of possible trouble to come emerged Wednesday, when a pro-agreement rally in Gaza was disrupted by Islamic militants from the Hamas group, and then degenerated into a fist-swinging free-for-all. There were about 300 people from both sides, witnesses said.

Well before the brawl, in the bustling central market, Samir Dabeil said Palestinians should take what they can get now, and demand more later. "Since 1948 we have been saying no," he said, referring to the year Israel was established. "Now we should say yes and see what happens."

Ali Sido, a shopkeeper whose son, 15, was killed in a clash with soldiers five years ago, said he was heartened by the agreement. "There has been enough bloodshed," he said. "I'm very, very optimistic."

March after a spate of fatal Arab attacks. "I was happy to hear about the agreement because it will rid us of the occupation," said Mohammed Faris, from the Bureij refugee camp. "I'll wake up in the morning and see no more Jews on the streets."

But a nearby Hamas supporter condemned the agreement as a sellout. "Palestine is an Islamic trust, and no one has the right to bargain it away," said the man, who gave his name as Mohammed. He warned of civil strife among Palestinians, and charged that the local police force to be established under self-rule would crush opposition to any administration run by the Palestine Liberation Organization. "The Palestinian police force will replace the Israeli soldiers," he said.

Abu Faris shot back: "Anyone who fomenta civil war is a traitor."

Yunis Jarar, a prominent supporter of the Popular Front for the Liberation of Palestine, said the agreement was seriously flawed because it kept Jewish settlements in place and did not apply to Jerusalem.

"We don't know what comes next, and there are no guarantees that this will lead to freedom and independence for the Palestinian people," Mr. Jarar said. "The people will discover later that they were deceived."

Zuhair Rayyes, a founder of the PLO and an author of its covenant, criticized moves under way to repeal sections of that document so there could be mutual recognition with Israel. He said that Palestinians were being offered "an alternative fatherland of Jericho-Gaza instead of Palestine."

TALKS: Optimism on Recognition Affable Amateurs Give Way to PLO

Continued from Page 1

and many Palestinians have drifted to more radical movements.

"Mr. Arafat has taken a risk greater than that of Egyptian President Sadat when he traveled to Jerusalem in 1977," said Gilles Kepel, a professor of Arab studies at the Institute of Political Science in Paris. "The PLO support in Gaza has eroded enormously in favor of Hamas and fundamentalist movements, and it is not even clear if Arafat will be able to set foot there. New elites now exist on the ground in Gaza and the West Bank."

Only by showing that the PLO can exert its authority and improve the lot of Palestinians in the occupied territories, however, will the peace plan begin to take on some substance and start to look like what Mr. Arafat is insisting that it is: the first step toward a Palestinian state.

Many Palestinians have already concluded that the peace plan will not be able to develop as Mr. Arafat believes.

"I hope the agreement will lead to a just and lasting peace, but I am just reflecting my doubts at the chances that this agreement will achieve what we want," Haider Abdel-Shafi, the chief Palestinian negotiator at official talks in Washington, said Thursday. "This agreement overlooks Israel's continued settlement building in the occupied territories, especially Jerusalem."

Meanwhile, 10 radical Damascus-based Palestinian groups issued a statement saying that the accord was treacherous. "What Arafat and his team carried out does not represent the Palestinian people," the statement said.

Progress in Syrian Talks
Another breakthrough in Middle East peace negotiations suddenly looked possible Thursday when Syria said it hoped to reach an agreement in principle with Israel

by the end of next week, Reuters reported from Washington.

Israel also reported progress. Its chief negotiator with Syria, Itamar Rabinovich, said: "We made progress and we reached agreement on points that in earlier rounds seemed unbridgeable."

There is now the possibility, unthinkable even a week ago, that Syria, Jordan, Lebanon and the Palestinians might all sign draft peace agreements at the present round of Middle East talks.

Syria's chief negotiator, Moufak Allaf, said after meeting the Israelis at the State Department: "We shall continue on Tuesday discussing the most important issues. These issues were discussed before, but the position of the Israeli delegation then was not very positive. We hope to see some more positiveness during this round in order to be able to end, hopefully, the discussion of the draft declaration during this round."

The latest round of peace talks ends next Thursday. The Syrian-Israeli talks had been deadlocked since late last year.

Syria insisted that Israel commit itself to a total withdrawal from the Golan Heights, occupied in the 1967 Arab-Israeli war. Israel refused to discuss how far it might withdraw until Syria said whether it would agree to a full peace including open borders and embassies.

By Daniel Williams
Washington Post Service

WASHINGTON — The Palestinian delegates to the Middle East peace talks here, a collection of self-described amateurs who for a time captured world attention, are preparing to fade into the background as representatives of the Palestine Liberation Organization take control of the negotiations.

As the 11th round of talks here resumed this week, the delegates trooped to sit across a long table from Israeli negotiators. They have been doing this off and on for 22 months.

The Palestinians continued to make frequent appearances on television talk and interview shows to lay out their passionate claims to Palestinian statehood in the West Bank

and Gaza Strip. They sat over coffee at a luxurious Washington hotel to massage worry beads and await the latest fax from Tunis, where the PLO has its headquarters.

But these activities were shown to be mere shadow play by the revelation this week that Israeli and PLO officials had been engaged for weeks in secret talks in Oslo. Those talks have brought the two sides to the threshold of a historic agreement, while the negotiations in Washington have barely budged.

"Our role is over," a delegate, Saeb Erakat, said. "We didn't have authority to sign anything anyway. We might as well go home."

The eclipse of the Palestinian delegation here marks the passing of an unusual phase in the Israeli-Arab conflict. The delegates, al-

though loyal to the PLO, provided a contrast with the rough image of the organization.

None wore combat fatigues, none of the men let their beards grow stubbly. Some were college professors, others ran newspapers, some were physicians. Firebombs were out; ordering cocktails was in.

At the start of the peace talks in Madrid in October 1991, a spokeswoman, Hanan Ashrawi, became an international television sensation with her urbane wit and unflappable demeanor.

Collectively, the 14 delegates were seen as examples of "new Palestinians" who were willing to compromise. Israel, spurning the PLO as a band of terrorists, said it would deal directly only with the West Bankers and Gazans.

EC: Aid for the PLO and More Trade for Israel

Continued from Page 1

estimates of the fund's needs are currently around \$300 million.

Europe also will concentrate its aid in the near term toward improving the water resources and other infrastructure in the territories, helping to develop tourism in the area and spurring the growth of small and medium-sized Palestinian enterprises, Mr. Delors said.

The Community will rely heavily on its lending arm, the European Investment Bank, and on private industry because its own budget and those of the member EC states are already overstretched, he added.

On trade, Mr. van den Broek said the commission hoped to get a mandate from its member states this fall to negotiate improvements in the existing free-trade agreement between the Community and Israel. It would probably take the two

sides nearly a year to reach a new accord, he added.

The Community is by far Israel's biggest trade partner, buying about 35 percent of its exports and supplying 50 percent of its imports. Israel complains that the development of the EC single market and closer ties between the Community and the seven-member European Free Trade Association have left it in a weak position. Its trade deficit with the Community nearly doubled from 1.7 billion Ecus in 1990 to 3.1 billion last year.

U.S. Limits Funds

The Los Angeles Times reported from Washington: A senior State Department official said the United States was prepared to put up some money to subsidize Palestinian police, schools and other government agencies. But the United States can no longer afford to pay the entire

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OPINION

Shape Up the Government, Don't Play at 'Reinventing'

By Robert J. Samuelson

WASHINGTON — We are all waiting breathlessly for Vice President Al Gore's report on how to "reinvent government." Mr. Gore has been regaling audiences and reporters for months with horror stories about absurd government rules. He has ridiculed the regulations that govern the hiring, firing and promotion of federal workers. He has waved around government asstrays while denouncing hideously complex purchasing rules. They say, for instance, that asstrays shouldn't splinter into more than 35 pieces if dropped.

All this is good theater. It may not be much else. You can be sure of one thing: Mr. Gore won't reinvent government. To do that, he would have to tear up the constitution. "Reinventing government" is just another slick phrase. The crucial question about Mr. Gore's report (due on Tuesday) is whether its proposals go beyond streamlining rules and consolidating programs.

Some or all of these recommendations might be worthwhile. Even if they did not save money, they might improve government's performance. But the crucial step in overhauling government is to decide what it should and should not do — and then to eliminate the programs and agencies that do not belong. These are political choices, not questions of management efficiency. If Mr. Gore does not make the choices, then his report will largely be a sham and will not achieve many permanent savings.

Plenty of programs deserve to be eliminated. Although they may have loyal constituencies, they do not serve any essential public purpose. For example, all of the following: Farm income supports: We do not need to subsidize farmers to ensure adequate food supplies. Annual savings: \$9 billion. (All savings are based on estimates by the Congressional Budget Office. Figures are for fiscal 1998, permitting programs to be phased out.)

Local transit subsidies: These go to localities to buy and operate buses and subways. But local transit is not a national matter. Localities should decide how much they want to subsidize local transit with their taxes. Annual savings: \$4.1 billion. Farmers Home Administration: It subsidizes housing and farm-operating loans. Defaults are high, because borrowers are often not credit-worthy. Annual savings: \$1 billion to \$2 billion, depending on how fast loans are ended.

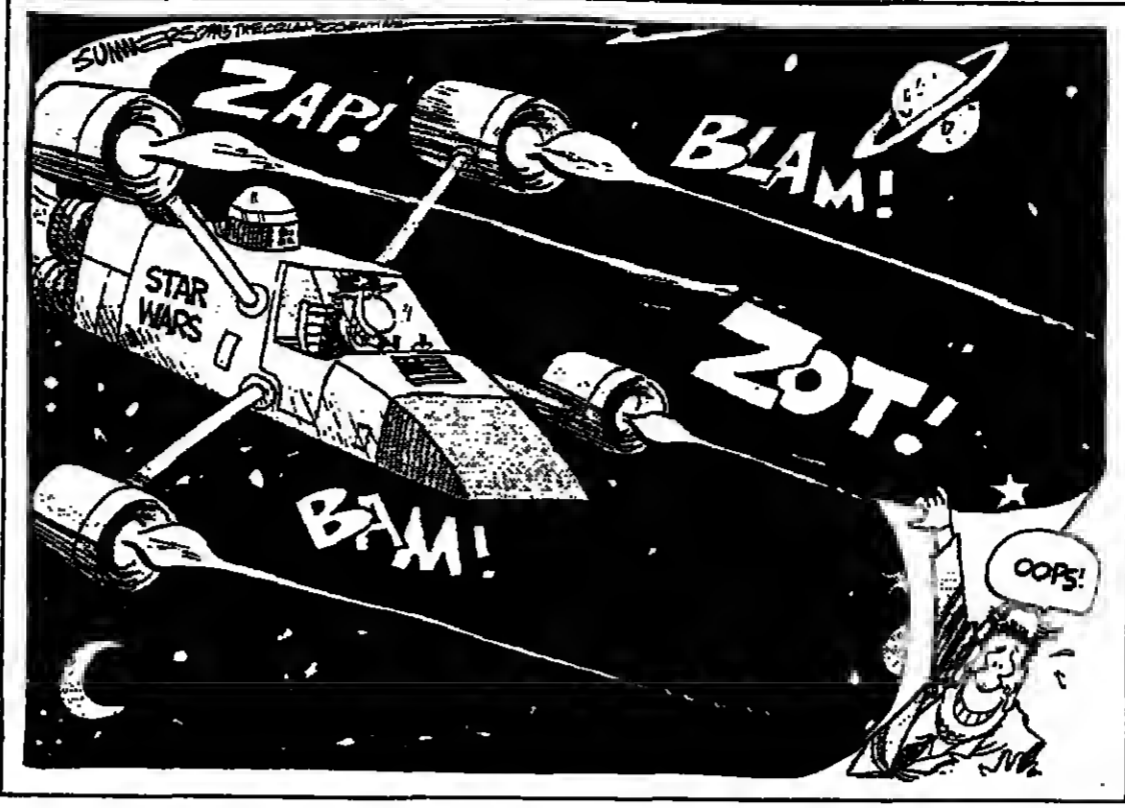
Highway "demonstration" projects: These projects, required by Congress, often would not be approved by states. This type of road building serves mainly political — not transportation — needs. Annual savings: \$1.2 billion. These cuts total roughly \$20 billion annually, and they are just a start. For space reasons, the list does not include many small but unneeded programs, such as the Rural Electrification Administration (1998 savings: \$200 million). It also excludes many questionable big programs (the space station, community development block grants) for which at least a modest "public interest" case might be made. The programs on the list are the worst of the worst.

That judgment, of course, will incite howls of protest. You will hear that the programs do a lot of good and that their demise would create huge hardships. Nonsense. "A lot of good" doesn't justify government spending. Back-to-back ice cream does lots of good, but we don't subsidize it. And ending these programs would not trigger a series of social calamities. Federal transit subsidies, for instance, equal only about 9 percent of local transit operating deficits.

Government will never operate as efficiently as the private market, where companies that do not provide desired products at acceptable costs fail. The only way to end wasteful government spending is to end it. That's why Mr. Gore should name names and argue that many programs are not needed. Eliminating them won't end budget deficits. Cuts on health spending, retirement programs and new taxes also are needed. But abolishing some programs would help, while also establishing the principle that all programs are not immortal.

This would foster a climate in which other outdated programs could be ended. It would also make it easier to enact process changes — simpler hiring, firing or procurement rules. All this ought to fit the White House political agenda. President Bill Clinton is seen as being soft on spending. He also pledged at the end of the fight over his budget to make more spending cuts. For once, the White House should get ahead of its critics. Mr. Gore's report is the place to start. Government doesn't need to be reinvented. It needs to be disciplined. Just do it.

The Washington Post



LETTERS TO THE EDITOR

Benefits of Immigration

Regarding "Immigration: Silhouettes on the Signs Outline a Nation's Choice" (Opinion, Aug. 19) by George F. Will: In Austria, where I now live, foreigners are barred from all but entry-level jobs in the university system, financial services and the public-sector job market. The lack of immigrant and minority input is one of the reasons Austria has become, compared to its pre-World War II status, a scientific backwater. President Bill Clinton's regrettable change of heart on immigration and refugee policy must not go unchallenged. History has taught us that immigrants are only a threat to job security and wage levels when they are not protected and supported by trade unions and government services.

Within the National Government

and he ignores the action of Brazilian authorities in favor of the Indians. In the case of the recent murder of Yanomamis, government authorities immediately opened an investigation. The president of Brazil, Itamar Franco, ordered the justice minister, the prosecutor general of the republic and the president of the National Indian Foundation to go to the scene to follow the situation in person and to consider what measures to take. The fate of the Yanomamis preoccupies the society and the government of my country, as confirmed by the decision in November 1991, despite opposition, to create, in Roraima State, a reserve for the Yanomamis three times the size of Belgium — this for a total of about 10,000 Indians. Because outsiders were to be barred from the reserve, 45,000 gold miners were expelled.

Have Always Participated in Measures in Favor of the Indians in Brazil's Amazon Basin

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The Indians of Brazil

Regarding "Defend Indigenous Rights in Brazil" (Opinion, Aug. 27): Terence Turner writes that the invasion of the Yanomami Indian reserve by gold miners had "strong support from within the national government."

The Hard Moral Path

The Gospel sets demanding standards of moral conduct that Christians have never found easy to follow. Andrew Greeley ("Catholicism: The Lusty Will Keep Doing It Their Way in Bed," Opinion, Aug. 25) seems to conclude that those Catholics who fail to follow the Pope's or the church's teaching on, say, abortion or contraception, think the teaching is no longer true. I wonder.

MEANWHILE

perfect commentary on the state of black America and the relevance in the 1990s of the 1960s-style protest that reached its culmination 30 years ago. First, for those (like me) who insist that the battle against segregation and overt racism has largely been won and that it is time for new priorities, last Saturday's incident is a reminder that it is not really over.

Our Marches Won't Make The Dream Come True

By William Raspberry

WASHINGTON — The three women — black, intelligent and as dignified as a latter-day Rosa Parks — were asked to give up their seats on the Bethesda Crab House could accommodate a party of six whites. They declined to do so. Then the women, hungry and tired after participating in the 30th anniversary of the March on Washington, were ordered to give up their seats. Again they refused. Finally, they were told to leave the suburban Maryland restaurant.

South. The 1963 march and the movement it symbolized brought the change the marchers demanded. Segregation has been outlawed. Jim Crow buried, overt racism pushed to the darkest corners of American life. But the millennium hasn't come. Many black Americans — particularly university-educated professionals — are doing well enough that Martin Luther King Jr.'s famous dream is tantalizingly close to reality. But for too many others — notably those now described as the "underclass" — little has changed.

MEANWHILE

Partly because I know one of the women — I remember Josie Bass from her days as a leader of an NAACP branch — and partly because Mr. Vechev and his staff have not alleged misconduct on the part of the women, beyond their refusal to give up their table, I have no doubt that they were treated rudely. Was it race-based rudeness? I don't know. Ms. Bass, Gwen Kimbrough, a businesswoman, and Marjorie Jenkins, her administrative assistant, say nobody uttered any racial trigger words.

That is also part of the irony of last Saturday. Speaker after speaker described the 1993 march as the device to do for today's problems what the 1963 march did for segregation. But the particular evidence of today's problems, cited by the speakers, included lower school achievement, joblessness, shorter life expectancy, teen parenting, fatherless households, drug abuse and violence, including record levels of homicide.

MEANWHILE

But, then, nobody said the magic words at Denny's, the restaurant chain that has entered into a settlement with the NAACP after at least three incidents of mistreatment of black patrons. That stuff still happens. The significant point, though, is that it does not happen much anymore. One is surprised, after all, to hear about clear-cut racism at Denny's, or the very least, involved unbelievable racial insensitivity.

The lesson of August 1963 was the importance of reducing problems to their moral essence and then laying them at the feet of those who could do something about them. Not only was the essential immorality of segregation clear, but it was also clear that Congress — and only Congress — could do something about it. The essence of black America's problem today is behavioral, and only black America can do anything about it. We can, as happened in the '60s, enlist the official and unofficial help of all who have help to give. But the leadership — in curbing black-on-black crime, redeeming our communities and rescuing our children — must be ours.

MEANWHILE

One is not surprised by good, friendly and courteous treatment of black clients at restaurants in the deepest of the Deep South. The problems we fought in the '60s still turn up, like weeds in a garden, and they have to be addressed — by law, where that is appropriate, and always by men and women of goodwill. Nothing would be more helpful oom than for those whites who value civility and fairness to call the Henry Vechev's of the world to account. I hope it will happen.

But, though I understand the insult, inconvenience and humiliation three black women endured at the Bethesda Crab House that day, Mr. Vechev is not our main problem. Rescuing our children is, and marching won't get it done. Washington Post Writers Group.

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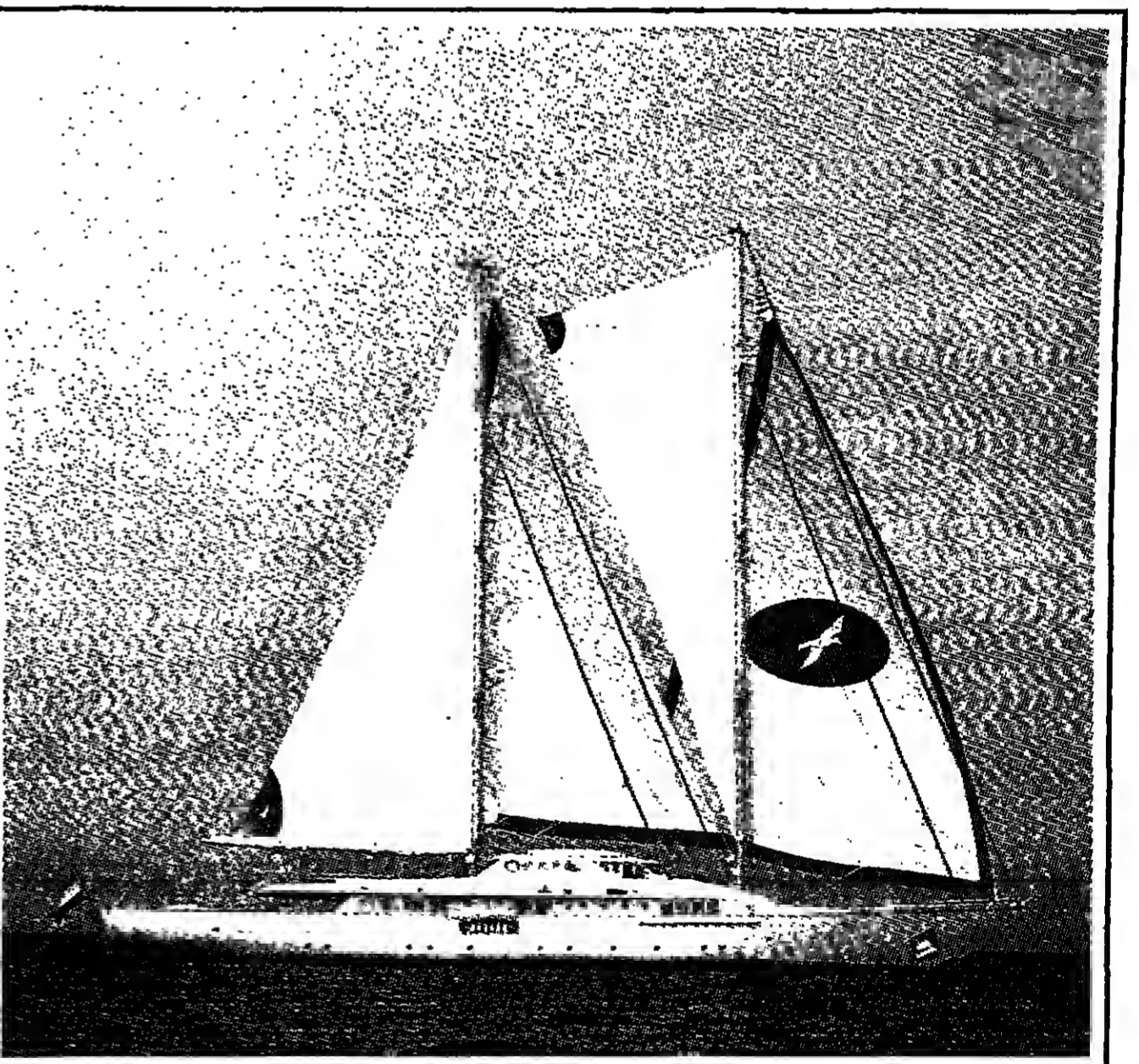


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MSFT	34.25	+0.12
ORCL	28.50	+0.10
INTL	15.75	+0.05
DISC	22.12	+0.08
WALT	18.87	+0.03
AMZN	10.50	+0.02
GOOG	20.12	+0.07
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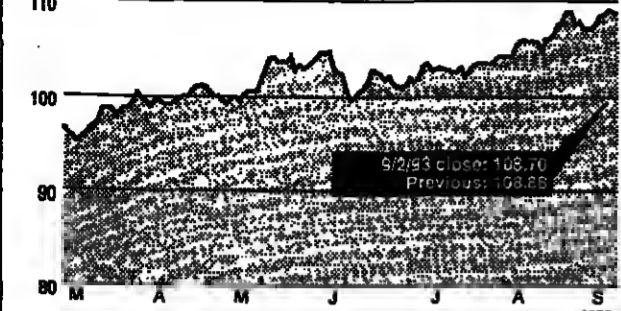
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Region	Approx. Weighting	Index	Prev. Close	% Change
Asia/Pacific	20%	128.24	128.02	+0.18
Europe	40%	108.09	108.02	+0.07
N. America	40%	94.07	94.29	-0.22

Industrial Sector	The Close	Prev. Close	% Change
Energy	106.55	106.94	-0.38
Utilities	114.11	114.30	-0.17
Finance	119.89	120.44	-0.46
Services	117.24	118.09	-0.72

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As Phone Firm Debuts in Tokyo, Some See a Trend

By Andrew Pollack
New York Times Service

TOKYO—The Tokyo Stock Exchange will witness a relatively rare event on Friday—the initial public offering of a fast-growing technology start-up.

The start of trading in DDI Corp., a long-distance and cellular telephone company, is part of a revival in initial public offerings that is beginning in Japan as the stock market seems to have recovered somewhat from its slump of the last two years.

Numerous companies in Silicon Valley and other high-technology bastions of the United States go public, a rite that in some sense marks their coming of age. But in Japan, there are relatively few such success stories.

That is because many talented people will not leave their established company to start a new one because there is relatively little venture capital in Japan and it is more difficult to go public than in the United States.

Brokerage firms are hoping the appeal of DDI, which is one of the fastest-growing companies in Japanese history, will bring individual investors back to the stock market. Analysts expect the stock to be

bid up quickly to well above its initial listing price of 3.7 million yen, or about \$35,000 a share.

"It's the purest play in telecom, in cellular," said Peter Wolff, technology analyst with Kidder, Peabody & Co. in Tokyo. "This is going to be the hottest issue of the year."

A successful reception for DDI would also lay the groundwork for a much bigger public listing in October of East Japan Railway Co., one of seven companies formed when the national railroad system was privatized.

DDI was the creation of venture capitalists but of an already established company, Kyocera Corp. In 1983, Sachio Semmoto, an engineer with Nippon Telegraph & Telephone Public Corp., gave a speech on NTT's future telecommunications plan to the Kyoto Chamber of Commerce. Among those in the audience was Kazuo Inamori, the founder and president of Kyocera and himself one of Japan's most successful entrepreneurs.

With some parts of telephone service about to be deregulated in Japan and NTT privatized, the two men conceived a company that would challenge NTT in the long-distance business. DDI, whose name in

Japanese means the "second telegraph and telephone company," was founded in 1984 with Mr. Inamori as chairman and Mr. Semmoto as the senior vice president.

With its long-distance rates high to offset cheap local phone rates, NTT was somewhat easy prey. DDI grew explosively, following much the same path as AT&T Corp. in challenging American Telephone & Telegraph Corp. in the United States. It is now the largest of three alternative long-distance providers.

In the financial year ended in March, parent-company revenue, mostly from the long-distance business, rose 15 percent, to 230.7 billion yen. Net income climbed 8 percent, to 13.4 billion yen.

DDI has recently been expanding into cellular-telephone service through its majority ownership of eight cellular companies.

On a consolidated basis, which includes the cellular affiliates, DDI had revenue in its last financial year of about \$2.8 billion. Mobile-phone service, which has not yet become widespread in Japan as in the United States, is expected to be the source of the company's growth in the years ahead.

Not everyone thinks the stock is a bargain. Shigeru

Yoshinaka, telecommunications analyst for Barclays de Zoete World Securities, said he thought DDI "will not see further growth over the next two to three years." Both the long-distance business and cellular-telephone service are becoming more competitive, he said. Indeed, NTT says it will seek the early retirement of 10,000 employees as part of a plan to slim down to fight off the competition.

But John Baldwin, director of research for Jardine Fleming Securities, disagreed, saying DDI, and the Japanese telecommunications industry in general, would benefit from deregulation efforts now under way by Japan's government. "You could pay up to 8 million yen for this and not be doing that badly," he said.

Kyocera owns 25 percent of DDI's stock, and 5 percent is owned by Sony Corp., which was also involved in the founding of the long-distance company. Most of the rest is owned by a long list of banks, trading companies and other Japanese companies.

One way in which DDI's offering differs from those in the United States is in the small ownership of stock by the company's founders and officers.

Money Pours Into The Mark

Compiled by Our Staff From Dispatches

NEW YORK—The Deutsche mark rode roughshod over major currencies Thursday, surging as a result of growing sentiment among money managers that the Bundesbank will maintain a tight money policy, dealers and analysts said.

"What the market is finally realizing is that German rates are not going to come down any time soon," said Stephen Smit, vice president at State Bank & Trust Co.

"We're seeing some fundamental swings in sentiment among fund managers," said the head of currency trading at a U.S. investment bank in London.

The dollar fell almost a penny and a half to close at 1.6450 DM, from 1.6590 DM on Wednesday. The U.S. currency began the week above 1.67 DM.

"Buy marks, sell something," said David Wilson, corporate dealer at Girardet Bank, describing the market's sentiment favoring the mark over most other currencies.

The mark also rose strongly against the yen and European currencies, including those in the exchange-rate mechanism, the Swedish krona and the pound.

Lisa Pazer, currency analyst at See MARK, Page 12.

Big Fish, Dwindling Pond

Martin Marietta Rises Through the Ranks

By Lawrence Malkin
International Herald Tribune

BETHESDA, Maryland—Nothing outside Russia has been more sharply affected by the end of the Cold War than the incredible shrinking U.S. defense industry. And no company seems more likely to emerge victorious from restructuring than Martin Marietta Corp., located on a leafy corporate campus here just a few miles around the Beltway from its prime client, the Pentagon.

Rather than cashing out or be-

ing forced out of defense like some of its competitors, Martin Marietta has almost doubled its size by taking over General Electric Co.'s aerospace division to become the largest U.S. military manufacturer.

Company executives said they were heartened by the Defense Department's "bottom-up" review announced Wednesday, which leaves to the mercies of the marketplace surplus capacity in aerospace and allied Cold War companies competing with Martin Marietta.

France Backtracks On Renegotiating Blair House Deal

Compiled by Our Staff From Dispatches

PARIS—The French government is moving toward a position of greater flexibility in negotiations over world farm trade, Agriculture Ministry officials said Thursday.

They said the revised French position would aim at "modifying, supplementing and interpreting" the 1992 Blair House agreement on farm trade between the United States and the European Community, which has been strongly opposed by France and brought violent demonstrations among French farmers.

The new approach would try to make Blair House compatible with the reform of the EC's Common Agricultural Policy.

The U.S. Trade Representative, Mickey Kantor, said Thursday that Washington did not want to reopen the Blair House accord. "We support Blair House," Mr. Kantor told reporters after a news conference. "The agreement will not be reopened," Mr. Kantor said the Uruguay Round talks were continuing and that negotiators would try to address France's concerns.

The French officials said Thursday that France, rather than opposing any limitations whatsoever on the volume of EC exports, a posi-

tion that would have almost no chance of being accepted by other Community members, would now stress a more flexible stance on the question in connection with continuing world trade talks under the auspices of the General Agreement on Tariffs and Trade.

The director-general of GATT, Peter Sutherland, has set a Dec. 15 deadline for winding up the Uruguay Round of world trade negotiations, which has been running for more than six years.

The Blair House agreement, reached in talks in Washington last November, calls for some limits on farm output, exports and subsidies, but France fears it would reduce French farm income to an unacceptable extent. It provides for a 21 percent cut in the volume of EC subsidized farm exports.

As one example of possible modification of the Blair House deal, the French Agriculture Ministry officials said the United States and the EC might be persuaded to accept a ceiling on EC imports of U.S. corn-gluten feed coming in duty-free, with any imports beyond that ceiling paying duties applied to cereals.

(AFP, Reuters, Knight Ridder)

WALL STREET WATCH

Making Dickey Real Estate Into an Attractive Gamble

By Jeanne B. Pinder
New York Times Service

NEW YORK—A California home builder recently raised a pile of money by selling notes with a rating below investment grade that promised a startlingly high 10.375 percent interest rate. Using the draw of high yield, the builder, Baldwin Co., collected \$155 million, attracting investors to the troubled world of real estate even though the company was already behind or in default on about \$143 million in loans.

A yield of around 20 percent was reportedly the draw in another real estate deal, this one from Daiwa Securities America.

It turned a package of nursing-home mortgages into five classes of securities: three with investment-grade ratings and two with considerably more credit risk. One—sold privately, and therefore not publicly described—reportedly yielded around 20 percent.

The two deals illustrate a trend: High yields are drawing big money into the depressed real estate market—and especially into securities that promise high returns but carry either investment-service ratings that are below investment grade, or no ratings at all.

And the money is coming out just from traditional real estate investors.

"What you have is a marketplace that is obviously chasing yield, and real estate can produce the yield," said Stan Ross, managing partner of Kenneth Leventhal & Co., an accounting firm that specializes in real estate. "It's a signal that there is some capital returning to real estate. What is even more interesting is that many of these offerings are below investment grade."

Despite their mouth-watering yields, commercial mortgage securities are not for everyone. "These can be fabulous for smart investors, but they could be dangerous for people who don't understand the complexities," said Andrew Stoeck, a senior managing director at Daiwa Securities America.

Commercial mortgage securities make up one of the fastest-growing markets on Wall Street. With the growing acceptance of the notion that commercial real estate values have hit bottom, about \$12.2 billion in commercial mortgage securities were issued in 1992, up from \$4.3 billion in 1991 and \$920 million in 1990, according to Prudential Securities Inc.

This year's number will probably be higher, as private securities issuers rush in to the market to take up the slack left by Resolution Trust Corp., the federal agency that disposes of the assets of failed banks.

See RISK, Page 13

Murdoch Envisions TV 'With Worldwide Reach'

By Barry James
International Herald Tribune

Rupert Murdoch, the media tycoon, has announced plans to launch new satellite television channels with global reach, including an all-news network that will compete head-on with Cable News Network and the British Broadcasting Corp.'s World Service.

In a speech in London late Wednesday, Mr. Murdoch, exuding confidence after emerging from a deep financial crisis, gave a broad picture of how he expected broadcasting to develop now that he controls satellites spanning the entire world.

"We will introduce a wide range of new programming, including an open university and educational channels," he told an audience that included Prime Minister John Major.

Without giving details or any kind of timetable, Mr. Murdoch added that his ambitions included "the creation of new channels with worldwide reach."

Mr. Murdoch was in London to launch a 14-channel pay-TV package identical to services already available in the United States, such as the Family Channel, headed by Pat Robertson, the television evangelist, and an all-shopping channel. The rest of the package includes channels dedicated to old U.S. movies and TV series, country music, pro-

grams for children and pop video. Apart from sports, the programming contains little original material compared with the offerings of the BBC and of Independent Television in Britain.

The success of the package depends on how many people can be persuaded to part with £20 a month for the entire range of channels. Only 15 percent of homes in Britain can receive satellite programs.

Mr. Murdoch's purchase last month of STAR TV, a satellite broadcaster based in Hong Kong, extended his reach to the Asia and Pacific region, and gave him theoretical access to virtually all of the world's television markets.

Independent Lashes Back

International Herald Tribune

The Independent newspaper described as a low blow Thursday the decision of its rival, The Times, to cut its price to 30 pence from 45 pence. It accused Rupert Murdoch, The Times' owner, of subsidizing that paper with satellite-TV profits in an attempt to drive The Independent to the wall.

"Murdoch has decided to crush his nearest rival," said The Independent.

CURRENCY & INTEREST RATES

Currency	30-day	60-day	90-day	3-month	6-month	9-month
Forward Rates	1.620	1.625	1.627	1.628	1.629	1.630
Deutsche mark	1.625	1.628	1.630	1.631	1.632	1.633
Swiss franc	1.481	1.483	1.485	1.486	1.487	1.488

Currency	Rate	Change
Canada	74.16	0.04
France	163.80	0.10
Germany	163.95	0.15
Italy	200.25	0.20
Japan	141.50	0.25
UK	162.40	0.30
Spain	166.70	0.35
Sweden	105.70	0.40
Switzerland	148.50	0.45
Taiwan	125.00	0.50
USA	100.00	0.00

Lee Iacocca Quits Board Of Chrysler

NEW YORK—Chrysler Corp. said Thursday that Lee Iacocca was quitting as a director and chairman of the executive committee of its board.

Mr. Iacocca, best known for leading the turnaround of the troubled automaker in 1979, retired as Chrysler's chairman at the end of last year but had been expected to stay on the board until the end of 1994.

The 68-year-old former chairman will continue to work part-time as a consultant for the automaker for the remainder of his two-year contract. He is to serve as a consultant until Dec. 31, 1994, and be paid the \$500,000 annual salary he has received in the 8 months since retiring, a spokesman said.



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MARKET DIARY Blue Chips Falter As Bonds Surge

NEW YORK—Concerns about weakness in the American economy sent blue-chip stocks sharply lower Thursday...

Investors are starting to worry about the pace of the recovery, said Michael Landry, president of MacKenzie Investment Management Inc.

MARK: German Currency Soars

Continued from Page 11 MMS International, said West German industrial output data released Wednesday...

Texaco Aided in Russia Deal

NEW YORK—Texaco Inc. signed an agreement Thursday that will lessen its risk in restoring oil production in Russia.

WORLD STOCK MARKETS

Table with columns for market indices (Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Singapore, Stockholm, Toronto) and various stock prices.

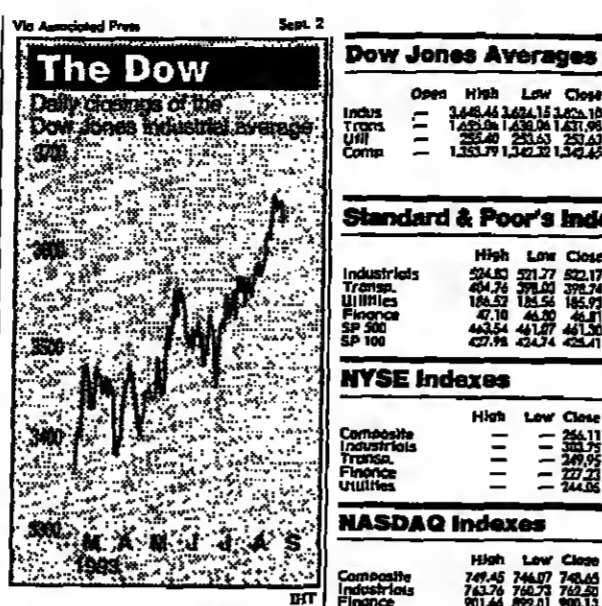


Table titled 'Dow Jones Averages' showing indices for Industrials, Chemicals, Utilities, and NYSE.

Table titled 'NYSE Most Actives' listing top trading volumes for various stocks like Merck, Pfizer, and Amgen.

Table titled 'NYSE Diary' showing advanced, declined, and unchanged stock counts.

Table titled 'Amex Diary' showing advanced, declined, and unchanged stock counts for the American Stock Exchange.

Table titled 'NASDAQ Diary' showing advanced, declined, and unchanged stock counts for NASDAQ.

EUROPEAN FUTURES

Table for Food futures including White Sugar, Wheat, and Corn prices.

Table for Metals futures including Aluminum, Copper, and Lead prices.

Table for Stock Indexes including FTSE 100, Nikkei, and Hang Seng.

Table for Spot Commodities including Wheat, Soybeans, and Corn.

Table for Dividends showing various companies and their dividend payments.

Table for S&P 100 Index Options showing call and put options.

Table for Industrials showing various industrial stock prices.

U.S. FUTURES

Table for Grains futures including Wheat, Corn, and Soybeans.

Table for Metals futures including Gold, Silver, and Copper.

Table for Livestock futures including Cattle and Hogs.

Table for Financial futures including Treasury Bonds and Treasury Bills.

Table for Stock Indexes including S&P 500, Dow Jones, and NYSE.

Table for Commodity Indexes including Energy, Metals, and Grains.

Table for Food futures including Coffee, Cocoa, and Sugar.

Table for Stock Indexes including S&P 500, Dow Jones, and NYSE.

Table for Commodity Indexes including Energy, Metals, and Grains.

Table for Financial futures including Treasury Bonds and Treasury Bills.

Factory Orders Plunged 2.1% in July

WASHINGTON (Combined Dispatches)—The U.S. economy got more bad news on Thursday as factory orders posted their steepest drop in a year and a half...

RJR Nabisco Expects Weak Quarter

NEW YORK (UPI)—RJR Nabisco Holdings Corp. warned Thursday that it expected previously announced cuts in domestic cigarette prices to hurt its overall second-half earnings.

Dr Pepper Adopts a 'Poison Pill'

DALLAS (Bloomberg)—Dr Pepper/Seven-Up Co., concerned about a possible takeover bid by Cadbury Schweppes PLC, adopted Thursday a 'poison pill' defense plan to thwart a hostile offer.

Barnes & Noble Plans Public Offer

NEW YORK (NYT)—Joining the fall rush to cash in on the appetite for new public stock offerings, Barnes & Noble Inc., the largest U.S. operator of book stores...

QVC Hires Former Fox Executive

LOS ANGELES (UPI)—QVC Network Inc. said Thursday it had hired Stephen Chao, former president of Fox Television Stations and Fox News, to produce shows and products for its Q2 cable channel.

Avon Stock Drops on Profit Outlook

NEW YORK (Bloomberg)—Avon Products Inc. shares fell 8 percent Thursday after the company said it expected third-quarter earnings to be lower than the year-ago 75 cents a share.

NASDAQ

Table with NASDAQ market data including volume and price changes.

Handwritten note: 'John 1:150' in a box.

Madrid Seeks a New Social Pact
Government Sees Deal as Only Way Out of Slump

Bloomberg Business News
LONDON — With Spain stuck in one of Europe's deepest recessions, the Socialist government has decided to change the laws that it believes are contributing to the economic malaise.

On Thursday, cabinet ministers, trade union leaders and employers are gathered at the negotiating table to do battle over the "social pact," an agreement that could turn out to be a milestone in Spanish labor history.

Spaniards, or 22.3 percent of the work force, unable to find jobs.
Prime Minister Felipe Gonzalez, who has been in power for 11 years but now heads a minority government, has publicly backed the three-party social pact as the remedy for what ails the economy.

The social pact revolves around an agreement to restrict wage growth and reform the labor market to boost overall employment. The government outlined a broad agenda for 'Employers and workers are still living in two different worlds in Spain.'

Jose-Luis Marquez, General Motors España

The negotiations that started Thursday. It is keeping silent, however, about the degree to which it wants to ease workers' rights. But it is no secret what Spain's employers want. They would like to get rid of rules that guarantee workers two years' pay and benefits, on average, if they are fired to save the company money.

been allied with the Communist Party, intend to present a united front during the talks. Both unions have said the plan will do little to ease the nation's unemployment.

To soothe them, the plan the government has been floating calls on employers and investors to make some sacrifices. Among the few specifics of the pact that have been released is a proposal that unions accept pay raises of no more than 2.5 percent in 1994 and below-inflation increases in 1995.

Spanish companies also would like to be able to lay off workers temporarily, to adjust production levels — a move that is currently impossible without union consent. Rules preventing companies from moving an employee or altering his job description without the worker's own consent are also high on the government's labor-market reform agenda.

A top objective of the pact is to attract more foreign investment into Spain. That is more difficult, economists say, if wages are higher and labor-market regulations stricter than elsewhere in Europe. Spain's worker-protection laws are among the most rigid on the Continent. It is very hard — and expensive — for employers to fire workers.

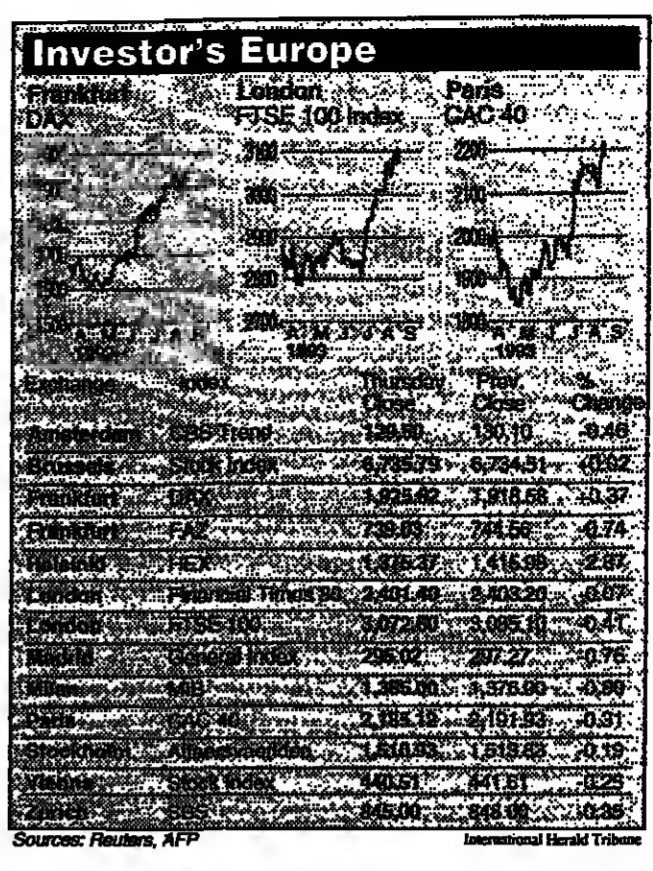
Belgium Raises Key Rates to Save Franc's Peg to Mark

Compiled by Our Staff From Dispatches
BRUSSELS — The Belgian National Bank raised its key interest rates Thursday and intervened in the currency market to defend the weakening franc, in a show of central bank resolve to maintain Belgium's strong-currency policy.

The central bank raised its discount rate to 7.0 percent from 6.0 percent and the central money-market rate to 10.50 percent from 9.50 percent.

In a speech for delivery at a seminar in Friedrichshafen, he said: "Germany must remain attractive for foreign investors as far as domestic stability, the exchange rate of the mark and interest rates are concerned."

Mr. Forton said he found it hard to understand why the company's shares had risen over the past year. "Unless trading conditions encountered in the first half of the year improve in the second half, it is likely that results for the full year will be lower than for 1992," said Jean-René Forton, chairman of the company.



Sources: Reuters, AFP. International Herald Tribune

Very briefly:
Vickers PLC, which makes military equipment and Rolls-Royce cars, swung to a pre-tax profit of 28.3 million (£12.5 million) in the first half of 1993 from a \$4.1 million loss a year earlier.

Rhone-Poulenc's Profit Slips, Scant Upturn Seen
Compiled by Our Staff From Dispatches
PARIS — Rhone-Poulenc SA, France's largest chemical company, said Thursday that it had an operating profit of 3.38 billion francs (\$579 million) for the first half of 1993, down 15.7 percent from the same period last year.

Swiss Bank Doubles Income
Compiled by Our Staff From Dispatches
ZURICH — Swiss Bank Corp. said Thursday that net profit had nearly doubled in the first half of the year, to 719 million Swiss francs (\$485 million), helped by a jump in trading and derivatives income.

Operating income rose 33.6 percent, to 4,378 billion francs, while gross operating profit rose 75 percent, to 2,176 billion francs. Chairman Walter Frehner said SBC would report a larger net profit for the whole of 1993 than the previous year's figure of 1,006 billion francs.

RISK: Boom in Paper Backed by Commercial Property Acquisitions Lift Bowater Earnings

Continued from Page 11
savings and loans. The RTC was the largest issuer in the market last year, but it has packaged far fewer loans this year. Residential mortgages have long been made into packages of securities, but commercial-mortgage packaging is fairly new.

buying the securities with the idea of getting buildings should the underlying loans go wrong. Some pools of mortgages, especially those composed of delinquent or otherwise troubled mortgages, are typically backed by a reserve fund of assets to be used as security in case any of the loans fail to pay off.

The RTC has issued \$14 billion in mortgage-backed bonds. In one of the more esoteric deals, Daiwa cut up \$193 million in mobile-home park mortgages into seven slices of securities ranging from a top slice, with a rating of AA, by Standard & Poor's — its second-highest rating — and a floating rate, down to two unrated offerings that were sold privately with undisclosed returns.

Boosted by acquisitions, pretax profit surged to £102.6 million (\$154.3 million) in the first half. Stripping out exceptional and currency gains, the results were in line with market forecasts.

Swiss Bank Doubles Income

Compiled by Our Staff From Dispatches
ZURICH — Swiss Bank Corp. said Thursday that net profit had nearly doubled in the first half of the year, to 719 million Swiss francs (\$485 million), helped by a jump in trading and derivatives income.

Acquisitions Lift Bowater Earnings

Bloomberg Business News
LONDON — Bowater PLC, Britain's largest packaging company, announced Thursday a 64 percent jump in first-half pretax profit but said the faltering economic recovery left little room for optimism.

NASDAQ Thursday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Table with columns: High, Low, Stock, Div, Yld PE, High, Low, Last, Chg. Lists various NASDAQ stock prices.

Table with columns: 12 Month High, Low, Stock, Div, Yld PE, High, Low, Last, Chg. Lists various stock prices.

Table with columns: 12 Month High, Low, Stock, Div, Yld PE, High, Low, Last, Chg. Lists various stock prices.

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Table with columns: 12 Month High, Low, Stock, Div, Yld PE, High, Low, Last, Chg. Lists various stock prices.

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Herald Tribune.

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NYSE Thursday's Closing

Tables include the nationwide closing prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press (Continued)

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 18B, High, Low, Last, Chg, %Chg. Lists various stocks and their performance.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 18B, High, Low, Last, Chg, %Chg. Lists various stocks and their performance.

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INTERNATIONAL FUNDS

Sept. 2, 1993

Large table of International Funds with columns: Fund Name, 12 Month High, Low, Stock, Div, Yld, PE, 18B, High, Low, Last, Chg, %Chg. Includes sub-sections for various regions and fund types.

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Zhu Urges Spending on Agriculture

BEIJING — China's economic chief has called for money to be spent on agriculture instead of new office buildings as evidence mounts that farmers are falling further behind in the race for prosperity. The official press on Thursday quoted Deputy Prime Minister Zhu Rongji, on a tour of rural Inner Mongolia, as saying money must not be wasted on unnecessary construction projects.

"Money should be concentrated on key sectors like agriculture," said Mr. Zhu, who unveiled a 16-point plan in July aimed at reducing billions of yuan from hotels, office buildings and luxury cars into priority sectors. Many farmers lack sufficient money to buy pesticides, fertilizer and other materials that are rising faster in price than their incomes. In the first half, the average farmer earned 423 yuan (\$74), an inflation-adjusted gain of 7 percent, while the average urban income rose 13.5 percent to 1,116 yuan.

Farmer unrest has already erupted into violent confrontation in several places around the country. The official press has given dramatic accounts of the results of this rural poverty, of farmers dying or committing suicide because they could not pay their taxes.

Also during his trip, which took him along the border with the Russian Far East, Mr. Zhu issued a warning against exporting fake and low-quality goods to the lucrative markets in the former Soviet Union. "We must resolutely stop the seepage of fake and low-quality goods across the border, which tarnish the good name of our country and our people," he said. While trade with the republics of the former Soviet Union accounts for only a small part of China's total trade, the growth is explosive, providing export opportunities for China's most remote provinces.

Thais Await U.S. Decision Ruling on Trade Will Affect Exports

BANGKOK — The U.S. trade representative, Mickey Kantor, is expected to rule Friday on Thailand's bilateral trade status, a decision that will have broad impact on Thai exports. Thailand, with China and India, is on a priority list at the U.S. Trade Representative's Office for possible trade retaliation. Countries on the list are liable to punitive action if the U.S. government is not content with intellectual-property protection or market access.

"Any kind of retaliation, particularly in the form of higher tariffs, would hurt our competitiveness," said Prida Prasawan, an exporter.

Thailand's status by putting the country on a standard watch list. "As negotiations have gone on, the issues have gotten smaller, so the chance of tough action doesn't seem warranted," he said. "Politically, the U.S. has bigger fish to fry in China and India."

Mr. Prida said Thailand's current government "has taken gen-

land's largest export market, taking \$7.3 billion-worth of Thai goods in 1992.

David Gambrell, research manager in Thailand for Pergrine Brokerage, said he expected Friday's ruling to improve

'Any kind of retaliation would hurt our competitiveness.'

Prida Prasawan, an exporter.

Moody's said it would also examine the factors behind DKB's historically poor profitability.

Affected by the review is the A2 rating of the senior debt, long-term deposits and long-term letters of credit of DKB and three guaranteed subsidiaries.

The review of Sakura affects the A1 rating for senior debt, long-term deposits and long-term letters of credit of the parent and four guaranteed subsidiaries.

Also affected are the A2 subordinated debt rating of Sakura's unit in the Cayman Islands and the A3 preferred stock of its Luxembourg subsidiary.

DKB had \$4.6 trillion yen (\$21 billion) in assets at the end of March; Sakura's totaled \$4 trillion yen.

steps to improve intellectual-property rights protection."

Until March 6, 1989, Thai law did not recognize U.S. copyrights or pharmaceutical patents. Even after legislation was passed, law enforcement officials took little notice. Counterfeit tapes, designer-label clothing and same-recipe drugs were sold on streets or in stores.

"This has been the subject of pretty intense negotiations over the past three years," said a U.S. trade official, who asked not to be identified. Thailand, he said, "has shown its greatest sincerity over the past eight months."

Mr. Prida and the U.S. official credited Prime Minister Chuan Leekpai and Commerce Minister Uthai Fimchaichon, both of whom took office last October.

In July, the Thai cabinet granted market exclusivity for five years to U.S. pharmaceuticals with patents issued before March 6, 1989. Police have also shut down dozens of stalls selling counterfeit items.

Last week, the cabinet also lowered tariffs on imported motion pictures by 67 percent.

Mieno Insists BOJ Is Not Considering Discount-Rate Cut

Compiled by Our Staff From Dispatches

TOKYO — Yasushi Mieno, the Bank of Japan governor, said Thursday the central bank was not considering a reduction of its discount rate for the present.

His statement was taken skeptically by some analysts, who are expecting a cut in the rate on BOJ loans to commercial banks — currently 2.5 percent — as a way to boost Japan's flagging economy.

It also ran counter to a separate statement by Hideaki Kumano, deputy minister of international trade and industry, who said his ministry was expecting a discount-rate cut. His boss, Trade Minister Hiroshi Kamegaki, called for a number of stimulative measures, including a discount-rate cut, the Kyodo news service reported.

But Mr. Mieno said: "We are absolutely not thinking of a discount-rate cut at the moment. It is inappropriate for us to adjust market rates," he added, "that are falling on expectations of lower rates due to the weak economy."

Some analysts said Mr. Mieno was trying to signal a downward revision in the Bank of Japan's out-

look for economic growth. "I get the feeling that the BOJ has revised its view of the economy," said Nobuyuki Saji, economist at Nikko Research Institute. "He said he wasn't considering a discount-rate cut, but I don't think that's the case."

A government official, speaking on condition of anonymity, seemed to confirm the idea that Mr. Mieno was talking about the outlook for growth. The official told Knight-Ridder that market interest rates could fall in response to the weak economy even without a discount-rate cut: "The BOJ sees it as natural for interest rates to decline further, in response to the protracted domestic economic stagnation."

Mr. Mieno did say the BOJ had not changed its view of the economy would start recovering in the second half of the year ending in March. But "the risk of a downturn is increasing," he said.

In the government bond market, investors moved from long-term issues to medium-range obligations, possibly an indication that they were expecting lower interest rates. (Reuters, AFX, Bloomberg, Knight-Ridder, UPI)

Sakura, DKB Ratings at Risk

Agence France-Press

TOKYO — Moody's Investors Service said Thursday it was reviewing the long-term credit ratings of Japan's Dai-ichi Kangyo Bank Ltd. and Sakura Bank Ltd., the world's two biggest banks in terms of assets.

The reviews, affecting a combined \$3.3 billion in debt and securities, will focus on DKB's domestic and overseas real-estate exposure and Sakura's nonperforming loans as well as the restructured loans and contingent risks posed by its nonbank affiliates.

"Sakura has a relatively high level of reported nonperformers in relation to its capital and this figure does not include restructured loans on which interest-rate concessions have been granted," a statement said.

Moody's said it would also examine the factors behind DKB's historically poor profitability.

Affected by the review is the A2 rating of the senior debt, long-term deposits and long-term letters of credit of DKB and three guaranteed subsidiaries.

The review of Sakura affects the A1 rating for senior debt, long-term deposits and long-term letters of credit of the parent and four guaranteed subsidiaries.

Also affected are the A2 subordinated debt rating of Sakura's unit in the Cayman Islands and the A3 preferred stock of its Luxembourg subsidiary.

DKB had \$4.6 trillion yen (\$21 billion) in assets at the end of March; Sakura's totaled \$4 trillion yen.

Grumman Corp., Lockheed Corp., McDonnell Douglas Corp., Northrop Corp. and Raytheon Co. Mr. Augustine said he wished the rest would hurry up and merge into a handful of healthy companies instead of nervously eyeing each other, hoping a competitor would sell first.

"Three strong competitors are better than six weak ones, and they usually have half-full factories instead of running at critical mass," he said. "When you compete against companies that are dying, they'll do anything to stay alive. They submit crazy bids because they know they're going out of business anyway, I call it the law of the cross-eyed discus thrower. They seldom win a bid, but they sure keep the crowd on its toes."

The recent disappearance of two satellites inherited from GE and the explosion of a Martin Marietta

Apple May Buy NEC Screens

Bloomberg Business News

TOKYO — NEC Corp. is negotiating with Apple Computer Corp. to supply color liquid-crystal display screens for Apple's notebook computers, an officer of the Japanese electronics maker said Thursday.

The move marks the first direct negotiations between the rival computer makers.

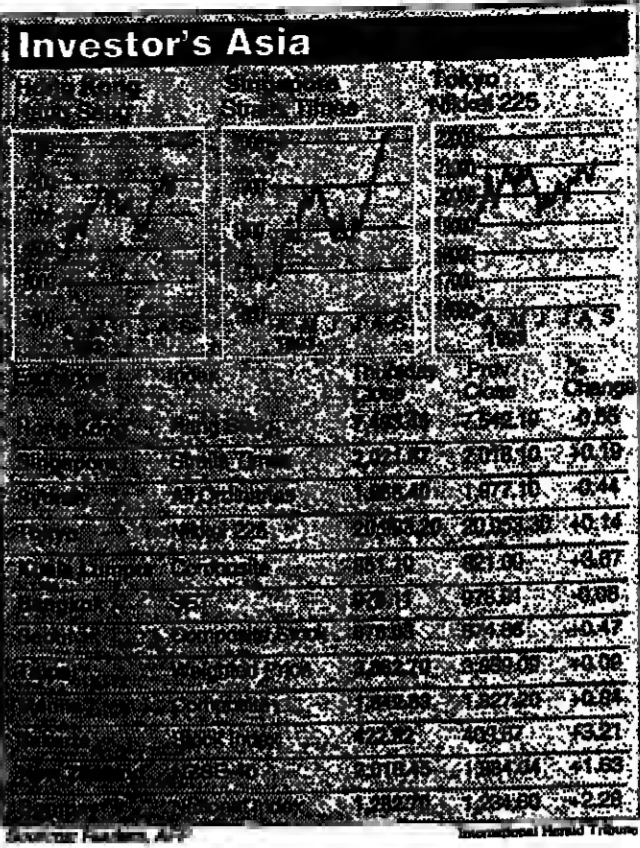
The officer was commenting on a report in the Nikkan Kogyo

business and technology newspaper that NEC will apply liquid-crystal displays to Apple starting in October at a rate of 5,000 LCD screens a month.

Apple now buys screens from Japan's Sharp Corp. The screens are made at Sharp's plant in Ireland and exported to the United States to avoid anti-dumping duties imposed on Japanese manufacturers last year by the U.S. government.

Specialists say expensive, high-profile experiments are likely to be replaced by smaller, more regular, less risky space probes, but this does not disturb Martin Marietta. "Rockets are like heart surgery," he said. "You want to go where they do a lot of it, for efficiency and low cost."

Martin Marietta, a descendant of Glenn T. Martin Co., formed by one of aviation's pioneers, began quietly moving out of airplanes into electronics and optics a generation ago. "You want to get into the business



Very briefly:

- Japan Air Lines said it would transfer part of its aircraft-maintenance operations to China with the purchase of a 10 percent stake in China's Taikeo Aircraft Engineering Co. The project includes plans to build a plant in the Chinese city of Xiamen.
- Japan's imports of color-television sets jumped 56 percent in July from a year ago, benefiting from the strong yen and from good performance in foreign markets, the Korea Automobile Manufacturers Association said.
- South Korea's automobile exports surged 37.1 percent in the first eight months of 1993 from a year ago, benefiting from the strong yen and from good performance in foreign markets, the Korea Automobile Manufacturers Association said.
- Mitsubishi Estate Co., was placed on watch with negative implications by Standard & Poor's Asia Ltd., since recent investments were proving "more vulnerable than previously thought" due to Japan's weak real estate market. Standard & Poor's said that its review of the company, which owns many offices in Tokyo's central business district as well as the Rockefeller Center in New York, would be completed "shortly."
- Hong Kong's retail sales in June rose 12 percent, to 14.7 billion Hong Kong dollars (\$1.89 billion), from a year ago. (AFX, AFP, Reuters)

DEFENSE: Martin Marietta, With a Focus on Electronics, Leads the Dwindling Pack of Pentagon Contractors in the Post-Cold-War U.S.

Continued from Page 11
of Washington University in St. Louis, Missouri, author of "Small Wars, Big Defense," and former chief economist of Boeing Co. Martin Marietta's annual sales, including GE, total about \$12 billion, and it has a bulging order book with a backlog of \$28 billion. The combination of its operations with those of GE offers the possibility of the two companies integrating their markets in the various U.S. military services and the National Aeronautics and Space Administration and reducing their overhead.

By concentrating on electronics, the fastest-changing and therefore most readily replaced military hardware on satellites or tank bodies that may last for decades, the company positions itself at the high end of the market. This consolidation reflects strate-

gic planning by the company's chairman, Norman R. Augustine, an aerospace engineer and former Pentagon official. "He is the closest thing there is in defense to a corporate intellectual who thinks about the industry as a whole," said Richard Bitzinger of the Defense Budget Project, a Washington research institution.

On Wall Street, it is hard to find any disagreement with his plans. Since the acquisition was unveiled in November, Martin Marietta's stock has risen by almost 50 percent from a low of \$37.625 despite an increase in its debt-to-equity ratio to 49 percent from 19 percent. It was trading at \$82.50 a share on Thursday afternoon. With the defense budget down 29 percent since 1985, hardware purchases down 38 percent, and further declines projected by Pres-

ident Bill Clinton during the next four years, Mr. Augustine said that consolidation inside the defense sector is the only way for the industry to go. Most independent analysts agreed that defense contractors lack the civilian marketing and mass production skills to survive in the plowshare world, where they have a dismal record. "We had already re-

viewed the industry would turn around fast: Ronald Reagan would leave office, we had already re-

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SPORTS U.S. OPEN

Sampras, Out-Aced, Still Gains 3d Round



Carl-Uwe Steeb was halted by a knee injury during his second-round match against Arnaud Boetsch.

Compiled by Our Staff From Dispatches
NEW YORK — Pete Sampras overcame the 24 non-served Thursday by Daniel Vacek of the Czech Republic to move into the third round of the U.S. Open.

Sampras, the Wimbledon champion who is seeded No. 2 at the Open, is usually the man with the most aces. But although Vacek won that battle, 24-17, Sampras had more power overall and won, 6-4, 5-7, 6-2, 7-6 (7-5).

Fourteenth seed Nathalie Zvereva of France was a 6-4, 6-1 winner over Kristie Boogert of the Netherlands.

After a night of rain, the fourth day of the Open began under thick clouds, with fourth-seeded Boris Becker still waiting to play his first-round match against Andrei Cherkasov of Russia.

Second round
Arnaud Boetsch, France, def. Carl-Uwe Steeb, Germany, 6-4, 6-4, 10-8 (retr.)

Results From the U.S. Open Tournament
Men's Singles, First Round
Wesley Miller, Australia, def. Thomas Carbonell, Spain, 6-3, 6-2, 6-4

closed out a straight-set victory over Canada's Daniel Nestor with a record-breaking 20-18 third-set tiebreaker. It was the longest tiebreaker in U.S. Open men's singles, and the longest in men's singles since Bjorn Borg and Premjit Lal of India played a 20-18 tiebreaker in the first round at Wimbledon in 1973.

But Ivan Lendl retired with a knee injury while training Neil Borwick of Australia, 6-6, 6-3, 3-1. The top women didn't have any trouble at all, with straight-set victories coming from No. 1 Steffi Graf, No. 4 Conchita Martinez, No. 5 Gabriela Sabatini, No. 8 Jana Novotna, No. 9 Anke Huber, No. 13 Mary Pierce and No. 15 Amanda Coetzer.

SCOREBOARD

BASISBALL

Major League Standings

Table showing Major League Standings for American League and National League, including teams like Toronto, New York, Baltimore, Detroit, Boston, Cleveland, Milwaukee, Chicago, Kansas City, Seattle, California, and Oakland.

NATIONAL LEAGUE

Table showing National League Standings for teams like Philadelphia, Montreal, St. Louis, Chicago, Pittsburgh, New York, San Francisco, Houston, Los Angeles, Cincinnati, and Oakland.

Wednesday's Line Scores

Table showing Wednesday's Line Scores for American League and National League games, including teams like Kansas City, New York, Toronto, Chicago, Cincinnati, St. Louis, Houston, Los Angeles, Cleveland, and Oakland.

AMERICAN LEAGUE

Table showing American League Standings for teams like Toronto, New York, Baltimore, Detroit, Boston, Cleveland, Milwaukee, Chicago, Kansas City, Seattle, California, and Oakland.

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DETROIT

Carlton Fisk, Detroit, hit a home run in the seventh inning to lead the Tigers to a 5-3 victory over the Yankees.

PHILADELPHIA

Tim Lincecum, Philadelphia, hit a home run in the seventh inning to lead the Mariners to a 5-3 victory over the Yankees.

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TRANSACTIONS

FOOTBALL
CINCINNATI—Recalled Lorenzo Vinzon, safety, from waivers. Re-called Ron Benson, running back, and Cornell Johnson, defensive end, from waivers.

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OBSERVER

Frequent-Liar Program

By Russell Baker
NEW YORK — The government's story, which may be a lie, is that the scheme to make illegal loans of \$5 billion to Iraq was the work of five branch-bank employees in Atlanta. They worked for the Atlanta branch of Italy's Banca Nazionale del Lavoro with headquarters in Rome, and the deed was done back during the Bush administration when Washington still thought Saddam Hussein was one of the good guys.

Five billion seems a considerable sum for an American branch of an Italian bank to be dispensing without so much as an "O.K. by you?" to the home office in Rome, but the Justice Department says, believe it or not, that's the way it happened.

Naturally, patriotic Americans will assume the government is lying. That's because the government is supposed to lie about such matters. Throughout the Cold War it lied about matters far more scandalous because it had to protect the national security. It was lying for the public good.

In protect the country the CIA was licensed to spread lies abroad. Never mind that the world had become so small that these patriotic motivated lies would be circulating back to the U.S. before they were a day old.

Sometimes the CIA even had to lie, without official license of course, to Congress. Who had the loosest lip in America? Congress. Tell Congress what was up, and you might as well broadcast it to Moscow Station.

Sure, lying to Congress was deplorable, but sometimes it had to be lied for good patriotic reason. Not all Americans, of course, resented this way, but enough did so that presidents could treat Congress with contempt and get away with it by pleading "national security."

Since the country has become hardened to the assumption that the government is a frequent liar, bad things have followed. There has been the loss of faith in government as an honorable enterprise. This has strengthened the know-nothings by reinforcing their slogan that "government is the problem, not the solution." Once a government is widely recognized as

a frequent liar, it is undeniably a problem, all right. It has also added to the growing public disgust with politics and government, which repels people from taking part in public affairs. This amounts to subverting democracy itself.

Moreover, it has created a corrosive cynicism. "Fool me once, shame on me; fool me twice, shame on me," goes the old rule of self-preservation. Thus we are inevitably tempted to assume that Attorney General Janet Reno was not leveling with us last week when she defended the Justice Department's handling of the Atlanta bank loan to Iraq.

Last year, President Bush's attorney general, William Barr, declining to leave an independent counsel investigate it, declared that Justice had handled it correctly. In effect, the Bush people insisted that branch-bank small fry had engineered the Iraq loan on their own and that Bush administration heavyweights had not conspired with Italy to arm Iraq before the Gulf war.

Federal Judge Marvin Shoob, who tried the Atlanta case, is skeptical. Only "in never-never land," he said last week, could a small branch bank have carried out the loan scheme without the home office's knowledge. He has sentenced the five Atlanta employees to probation or home detention, saying: "It would be the height of hypocrisy to sentence these defendants as if this were a simple case of wrongdoing by a branch's employees."

It's depressing being forced to ponder that Attorney General Reno may not be giving it to us straight from the shoulder. Still, with speculation involving the CIA and an Italian government already in grave trouble, this is precisely the kind of matter in which the government has felt obliged to lie in the past for "national security."

It's one more example of how our Cold-War heritage corrupts and poisons relations between government and people. Campaigning for president, Bill Clinton promised a review of the Italian banking case if elected. Reno's statement last week said "a thorough independent investigation" had given justice no reason to change its opinion. Case closed. Quit quibbling.

New York Times Service

A Living Legend? 'O.K., If You Say So'

By Mike Zwerin
International Herald Tribune

PARIS — Link Wray's fingers were "zapped by God" in Fredericksburg, Virginia, when a fight broke out over the bandstand. Music was necessary to soothe the savage turbulence. Any music at all, only right now and loud. It might just as well have been "Dixie," but Link Wray and The Wraymen found a more appropriate bar-brawl groove, with guitar feedback burning through a menacing riff. Released in 1958 as "Rumble," the record sold 1.5 million copies and the rest, it really does say on his official bio, is "history."

At the age of 6, Link Wray, "The Godfather of Grunge," aka "the guitar growler" and "one of rock's ranchest performers" was introduced to music and black culture by Hambone ("my mentor"), a circus musician in North Carolina. He learned to play the guitar and sing listening to Chet Atkins and working bars and bordellos with his brothers Doug and Vernon. When he began to experiment with fuzz-tone distortion, he found himself in Godfather Country. Rock 'n' roll guitar was never the same.

A Native American (he is one-quarter Shawnee) as "Godfather of Grunge" without Oscar-class casting. However, he seems genuinely embarrassed by all the living legend talk ("O.K., if you say so"), and anyway such counsels are generally passed on to the tribe by way of elite brigades, leaving the chief prizeless.

Flash forward to 1971. Pete Townshend, recording in New York City with The Who, pulls his plug, this thin, unassuming, bespectacled longhair walks through the door and bows to him from the waist. According to Rolling Stone magazine, drummer Keith Moon tears off his clothes and runs around whooping "Rumble rumble rumble..."

"This is the King," Townshend explains to a puzzled engineer. "Without him, I never would have picked up a guitar." Back in the early '60s, however, Wray's tracks were not getting heavy airplay. "Rawhide" was a success of sorts, followed by a series of forgettable "Rumble" spinoffs. Something snapped when a producer tried to link him up with Mitch Miller's vocal choir and string section. Having lost a lung in Korea, Wray was

told he would never sing again. ("Rumble" was an instrumental.) He learned how to do it with one lung anyway, only to confront marketing plans to turn him into a crooner. Major record companies were always trying to get him to be something he isn't, or can't or does not want to be. One day he walked out of a studio date swearing he'd never make another record and disappeared. Knowing how to disappear, an instinct you cannot learn, is crucial to the image of a living legend.

He settled on a farm in Accokeek, Maryland, with an extended family and friends. After eight years of off-the-map tours leading nowhere, he surfaced with a "comeback" album called simply "Link Wray," recorded on prehistoric hardware in "Wray's Shack," a "Truck" studio, a wooden hut built by his father. There was no bass drum for a while, they stomped on the floor instead. A nail-filled tin can served as a surrogate cymbal. They put the speakers out in the yard and miked the window. Ecstatic reviews were poetically licensed: "the most exciting raw rock you'll ever encounter," "primordial," "an album of massive power by one of rock's real unknown talents of the first magnitude... elements of black blues, gospel, rock, country and other forms woven into almost brutal music." Then the producer, the money and Link Wray disappeared in that order.

Wray maintains that wherever he goes he travels the "narrow road" without drugs, alcohol and Satan — the road his mother always told him to take. He leaves the fast lane to others. The narrow road does not pass through Beverly Hills or Nashville, although it did lead to short collaborations with Boz Scaggs, Fats Domino and Ricky Nelson and a guest appearance on the Ed Sullivan Show. Jeff Beck and Jimmy Page paid homage to him. In the notes accompanying "Biography," Bob Dylan credits Wray with having invented heavy metal 10 years ahead of its time.

Now 64, impressively energetic and optimistic, Wray is not exactly fading away. On the other hand, the world is not beating a path to his door. For the past 12 years he has lived in Copenhagen, releasing primordial live recordings of sporadic European concerts on the Ace label. "Rumble" is still in his repertoire: "I'll play it to the very end, God gave it to me." In March, "Indian Child," his first recording on a major label in over a decade, was released by SONY-Denmark. Wray attributes his radiance to megadoses of vitamins and a happy marriage to Olive, a Danish woman (they have a 10-year-old son) who studies Aztec and Mayan civilizations and has taught him more about his ancestors than he ever learned growing up in Fort Bragg, North Carolina. But she would also like him to sell some records for a change. "She can think commercially," he said, proud of her. "I guess I never cared enough about being commercial." There were no visible signs of regret.



Link Wray, Godfather of Grunge, "never cared enough about being commercial."

"Can a blue man play the whites?" Last week he was in Paris commercializing in the offices of SONY-France. Wearing an Elvis Presley T-shirt, a crucifix and biker's black leather, he talked about The Devil's Music and God: "Elvis was more educated than me, he finished high school. The young Elvis, the Sid Vicious Elvis, he opened the door for people like me. The cross is for the French farmers, the Somalis, for the little people big businessmen don't care about — for all the nobodies of the world." "Rock 'n' roll is everywhere, like Satan and Jesus. It used to be American, now it looks like it's in Denmark too. Hey, I'm in Denmark. But I'm an outcast, like Jesus was an outcast. I'm still just trying to be me. My 10-year-old son asks me, 'Hey, Dad, does Jesus God love rock 'n' roll?' And I say, 'Son, when Satan had me in the death-house taking my lung away, God picked me up and zapped 'Rumble' into me. Sure God loves rock 'n' roll."

The romance novelist Danielle Steel has gone to court to stop a biographer from using material about her son. The suit, filed in San Francisco, claims that Lorenzo Benet, a People magazine writer who is doing the biography with Vickie Bene, illegally obtained a file that was part of a 1985 custody battle between Steel and a former husband, William Toth, over Nicholas Traina, now 15. Benet says he obtained the report, legally, from Toth.

PEOPLE

Princess in Provence? Not For Now Anyway

Someone has bought Jean Van Dam's house in the south of France, but it isn't Princess Diana. Agnace Flama, the agency handling it, said it had sold the Belgian opera star's house — but "not to the princess" as Paris Match magazine had reported in its Thursday edition. The magazine said the princess paid 10 million francs (\$1.7 million) for the rambling country home near Saint-Remy-de-Provence, raising horrific visions among the locals of paparazzi and other star-gazers descending on the town square.

The film director Stanley Donen is off to the rescue. He will direct his first Broadway show, a new Jig Sme musical based on the classic 1948 ballet movie, "The Red Shoes." Donen replaces Susan Schlessman, who has been dismissed by Martin Stanger, the producer because of "creative differences" — a phrase that usually means a show is in trouble. Donen, 69, was co-choreographer with Gene Kelly of 1940s musicals, and in 1949 he directed and choreographed "On the Town."

Two members of the Venice Film Festival final made it into town, but not without some difficulty. Sidran Abdallah, a Bosnian screenwriter, managed to fly out of war-torn Sarajevo to reach Venice after the gala opening. The African director Mohamed Camara, a last minute addition to the jury, was stopped by customs officials, according to the news agency ANSA, because he was traveling with a one-way ticket, from Paris, and without his official invitation.

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INTERNATIONAL CLASSIFIED
Appears on Page 4, 8 & 17

WEATHER

Weather forecast section including Europe, Asia, Africa, North America, Middle East, Latin America, and Oceania. Includes a map of Europe and text forecasts for various regions.

CROSSWORD

Crossword puzzle section with 'ACROSS' and 'DOWN' clues and a grid. Includes a 'Solution to Puzzle of Sept. 2' and 'New York Times' logo.

Large advertisement for AT&T. Text: "I wonder if the little guy had fun today?" Includes AT&T logo and promotional text about international calling.

Table of AT&T Access Numbers for various countries. Columns include country name and access number. Includes a note about calling to the U.S. only.

Vertical text on the right edge of the page, including "The Dream of" and "Robocept nee".